

VZCZCXRO4113  
PP RUEHMR  
DE RUEHMR #0370/01 3462047  
ZNR UUUUU ZZH  
P R 112047Z DEC 08  
FM AMEMBASSY MASERU  
TO RUEHC/SECSTATE WASHDC PRIORITY 3948  
INFO RUEHMR/AMEMBASSY MASERU 4369

UNCLAS SECTION 01 OF 02 MASERU 000370

SIPDIS

DEPT FOR AF/S TO PLEASE PASS TO A/S FRAZER

E.O. 12958: N/A

TAGS: [KJUS](#) [PGOV](#) [KDEM](#) [LT](#)

SUBJECT: SCENESETTER FOR A/S FRAZER'S DECEMBER 19-VISIT TO LESOTHO

1.(SBU) Ambassador Robert Nolan warmly welcomes your visit to the mountain Kingdom of Lesotho. Our Mission is prepared to do all it can to make your trip fruitful and productive. Your visit comes at a high point in the United States-Lesotho bilateral relationship, reflecting mutual cooperation and shared values, successful foreign assistance programs, and Lesotho's substantial progress in important political and economic areas. Following the visit in of Millennium Challenge Corporation CEO, Ambassador John Danilovich in November 2007 and by Global AIDS Coordinator, Ambassador Mark Dybul in January 2008, the presence of the A/S will further consolidate and strengthen the existing bonds of friendship between the U.S. and Lesotho.

-----  
The Rugged Mountain Kingdom  
-----

12. (U) Lesotho is a highly mountainous nation, roughly the size of the state of Maryland, and is completely landlocked by South Africa. A nearly mono-ethnic state, Lesotho became a British protectorate in 1868 and gained its independence in 1966. Lesotho is an emerging democracy. Following its tumultuous birth as an independent nation, Lesotho was governed by the leader of the Basotho National Party who effectively seized and remained in power for twenty years by suspending the second national elections in 1970 and declaring a state of emergency. Military leaders ruled the country between 1986 and 1993. Democratic elections were held in 1993 when a new constitution was formed which established Lesotho as a constitutional monarchy. In 1998, Lesotho experienced violent post-election protests and an army mutiny. National riots led to a Southern African Development Community (SADC) military intervention caused considerable damage to the country's infrastructure, its economy, and the national psyche.

13. (U) Lesotho's February 2007 national elections reaffirmed the leadership of the Lesotho Congress for Democracy (LCD), which has governed since 1998. Local and international observers declared the 2007 elections largely free and fair. However, persistent political disagreements concerning the purported manipulation of the country's Mixed Member Proportional (MMP) parliamentary system marred the post-election political environment. Following these elections, a political impasse developed between the governing LCD and opposition parties, primarily regarding the distribution of parliamentary seats. SADC appointed former Botswana President Quett Masire to mediate ongoing talks between governing and opposition parties aimed at resolving the impasse. The dialogue process succeeded in bringing the two sides together, although progress has been limited to a small number of process modalities and tightly referenced issues. Although the talks remain deadlocked, the past year of 2008 was one of increased stability. The Embassy has constantly stressed the need for the country to refrain from violence and settle its disputes amicably.

14. (U) Lesotho's Prime Minister Pakalitha Mosisili is head of government and has executive authority. King Letsie III wields minimal constitutional power. Rather, the King serves a largely ceremonial function and is the symbol of national unity.

15. (U) Lesotho is ranked by the World Bank among the world's least developed nations. Its primary industries are textiles and apparel manufacturing, mining, the Lesotho Highlands Development Authority, and subsistence agriculture. The GOL's revenues are based largely on transfer payments from the South African Customs Union (SACU), which account for more than 50% of all government financing.

-----  
The U.S.-Lesotho Bilateral Relationship  
-----

16. (U) The United States and Lesotho have had a long-standing and close relationship. The U.S. established one of the first foreign diplomatic missions in Lesotho in 1966 immediately after independence. It remains one of the few continuous diplomatic presences in the Kingdom.

17. (U) In September 2008, Lesotho signed an entry-into-force agreement for the innovative Millennium Challenge Corporation (MCC) Compact of \$362.6 million to reduce poverty and increase economic growth. Lesotho has taken ownership of this program that focuses on increasing the provision of water supplies for industrial and domestic use (\$164 million), improving health outcomes (\$122.4 million), and removing barriers to foreign and local private sector investment (\$36.1 million). During the five-year scope of the compact, the broad scope of MCC projects is expected to impact a majority of Lesotho's 1.88 million people.

18. (U) The PEPFAR program in Lesotho is currently expanding. Successful conclusion of a compact agreement (expected around April 2009) will result in the doubling of Lesotho's PEPFAR

MASERU 00000370 002 OF 002

resources with an additional \$15 million available each year above the current \$13.2 million funding. Through the PEPFAR program, the United States is partnering with the GOL, other donors, and dozens of NGOs and universities to help the Mountain Kingdom address the HIV/AIDS pandemic. Lesotho has the world's third highest prevalence rate of HIV/AIDS, infecting approximately 23% of the country. This rate is considerably higher among high-risk populations, including the nation's youth. The disease impacts all spheres of life in Lesotho, including lost productivity, constant and expensive by-elections to replace deceased politicians, and a national population that has essentially declined over the past ten years.

19. (U) Lesotho is one of the great success stories of the African Growth and Opportunity Act (AGOA), which helped create over 40,000 jobs and facilitates exports to the U.S. valued at nearly \$400million dollars annually. NGOs estimate that Lesotho's textile and garment mills, largely owned by Taiwanese companies, indirectly support over 350,000 individuals in the Mountain Kingdom. Embassy Maseru is now working with the USAID Trade Hub to diversify and expand the benefits of AGOA beyond purely the textile industry.

110. (U) Lesotho's Peace Corps program has operated continuously for 40 years, during which more than 2,000 Peace Corps Volunteers have worked in the education, health, and community development sectors in all ten districts in the country. At present, there are nearly ninety volunteers working in the Kingdom. The October 2008 visit by Director of the United States Peace Corps Ronald Tschetter, underscored the Peace Corps's continuing commitment to Lesotho.

111. (U) The PM's first-ever bilateral visit to the United States in 2007 offered an opportunity to congratulate Lesotho on its achievements vis-a-vis the Millennium Challenge Account and its progressive efforts as a developing nation. Most recently the CEO of the Millennium Challenge Account-Lesotho met with President Bush and spoke about Lesotho's Compact at the White House.  
ANDERSON